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Financing of the United Nations Interim Administration Mission in Kosovo

Financing arrangements for the United Nations Interim Administration Mission in Kosovo for the period from 1 July 2007 to 30 June 2008

Note by the Secretary-General

1. In its resolution 61/285 of 29 June 2007 on the financing of the United Nations Interim Administration Mission in Kosovo (UNMIK), the General Assembly appropriated for UNMIK the total amount of $220,897,200 gross for the period from 1 July 2007 to 30 June 2008, inclusive of $210,676,800 gross for the maintenance of the Mission, $8,790,100 gross for the support account for peacekeeping operations and $1,430,300 gross for the United Nations Logistics Base at Brindisi, Italy.

2. Resources approved by the General Assembly for UNMIK provided for the authorized strength of 38 military liaison officers, 1,565 United Nations police officers, 513 special police personnel, 608 international and 2,038 national staff as well as 162 United Nations Volunteers.

3. During the first three quarters of the 2007/08 financial period, the value of the euro vis-à-vis the United States dollar (based on the United Nations operational rate of exchange), has appreciated by 12.6 per cent, from 0.802 euros to the United States dollar used in the 2007/08 budget, to an average of 0.701 euros to the United States dollar. The appreciation of the euro has led to the increased expenditures recorded in United States dollars, with disbursements made in euros, in respect of the United Nations military liaison and police officers and national staff, and to the increased cost of all services and supplies provided by local vendors. Furthermore, during the period the price of diesel fuel increased by 42.9 per cent, from the budgeted $0.70 per litre to $1.0 per litre, and the cost of catering, cleaning and laundry services also increased following the establishment of new competitively bid contracts.

4. In his report to the Security Council (S/2008/211), the Secretary-General informed the Council that there might be a need for the Mission to adjust its operational deployment to developments and changes on the ground in a manner consistent with the operational framework established under Security Council

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resolution 1244 (1999). In that context, an additional unit of 125 special police personnel would be deployed to UNMIK in June 2008 to strengthen the Mission's capacity in providing security to its personnel and property and in responding to security contingencies.

5. The resulting additional requirements projected for the period from 1 July 2007 to 30 June 2008 are estimated at $21,599,400 gross ($22,423,200 net), of which $11,799,800 gross and net would be accommodated from within the appropriation approved by the General Assembly for the 2007/08 period (see paragraph 12 of the present note), resulting in the net additional requirements of $9,799,600 gross ($10,623,400 net).

Table
Additional resource requirements for the period from 1 July 2007 to 30 June 2008
(Thousands of United States dollars)

Category	Apportionment (1)	Total projected expenditure (2)	Variance Amount (3)=(1)-(2)	Variance Percentage (4)=(3)÷(1)
Military and police personnel				
Military observers	1 369.9	1 607.8	(237.9)	(17.4)
Military contingents	—	—	—	—
United Nations police	50 769.6	59 593.7	(8 824.1)	(17.4)
Formed police units	9 943.8	13 773.9	(3 830.1)	(38.5)
Subtotal	**62 083.3**	**74 975.4**	**(12 892.1)**	**(20.8)**
Civilian personnel				
International staff	73 512.1	63 605.1	9 907.0	13.5
National staff	45 354.7	47 785.5	(2 430.8)	(5.4)
United Nations Volunteers	6 094.4	5 673.6	420.8	6.9
General temporary assistance	427.3	612.0	(184.7)	(43.2)
Subtotal	**125 388.5**	**117 676.2**	**7 712.3**	**6.2**
Operational costs				
Government-provided personnel	—	—	—	—
Civilian electoral observers	—	—	—	—
Consultants	25.3	32.7	(7.4)	(29.2)
Official travel	771.2	817.9	(46.7)	(6.1)
Facilities and infrastructure	9 216.0	13 191.9	(3 975.9)	(43.1)
Ground transportation	2 702.2	3 874.1	(1 171.9)	(43.4)
Air transportation	1 638.2	814.1	824.1	50.3
Naval transportation	—	—	—	—
Communications	3 772.6	4 261.3	(488.7)	(13.0)
Information technology	3 211.2	2 563.3	647.9	20.2
Medical	488.9	673.9	(185.0)	(37.8)
Special equipment	92.1	92.1	—	—
Other supplies, services and equipment	1 287.3	1 503.5	(216.2)	(16.8)
Quick-impact projects	—	—	—	—
Subtotal	**23 205.0**	**27 824.8**	**(4 619.8)**	**(19.9)**

Category	Apportionment (1)	Total projected expenditure (2)	Variance Amount (3)=(1)-(2)	Variance Percentage (4)=(3)÷(1)
Gross requirements	**210 676.8**	**220 476.4**	**(9 799.6)**	**(4.7)**
Staff assessment income	17 227.2	16 403.4	823.8	4.8
Net requirements	**193 449.6**	**204 073.0**	**(10 623.4)**	**(5.5)**
Voluntary contributions in kind (budgeted)	—	—	—	—
Total requirements	**210 676.8**	**220 476.4**	**(9 799.6)**	**(4.7)**

6. As shown in the table, the projected requirements for the maintenance of UNMIK for the period from 1 July 2007 to 30 June 2008 amount to $220,476,400 gross ($204,073,000 net), representing an increase of $9,799,600 gross ($10,623,400 net), compared to the appropriation of $210,676,800 gross ($193,449,600 net) that the General Assembly, in its resolution 61/285, approved for the maintenance of the Mission.

7. The appreciation of the value of the euro with respect to the United States dollar has resulted in additional resource requirements for the payment of Mission subsistence allowances to military liaison officers ($237,900) and United Nations police officers ($8,824,100), as well as additional resource requirements to cover increased national staff and related costs ($2,430,800) and general temporary assistance expenditures ($184,700).

8. The additional resource requirements of $3,830,100 under the formed police units class of expenditure are attributable to the cost associated with the deployment, via airlift, of the additional unit of 125 special police personnel, including the cost of freight and deployment of contingent-owned equipment as well as the cost of reimbursement of the special police-contributing Government for the services rendered for the month of June 2008.

9. The additional resource requirements of $3,975,900 under the facilities and infrastructure class of expenditures are attributable to the appreciation of the value of the euro with respect to the United States dollar, which has resulted in higher projected contractual cost of janitorial services, and to a 42.9 per cent increase in the price of diesel fuel (from budgeted $0.70 per litre to $1.0 per litre) used for the operation of generators. Moreover, under the new competitively bid contracts the cost of catering, cleaning and laundry services has also increased.

10. The additional resource requirements of $1,171,900 under the ground transportation class of expenditures are attributable to the appreciation of the value of the euro with respect to the United States dollar combined with an increase in the price of diesel fuel (see paragraph 9) used for the operation of the Mission's vehicle fleet.

11. The appreciation of the value of the euro has also resulted in additional resource requirements for local communications services ($488,700) and medical supplies ($185,000). With regard to the other supplies, services and equipment class of expenditure, increased requirements are attributable to the recording in the current financial period of prior period expenditure related to photocopier lease services ($216,200).

12. The additional requirements would be offset by the projected unutilized balance of $11,799,800 gross and net which is primarily attributable to the higher actual vacancy rates in respect of international staff and United Nations Volunteers, as well as to the lower contractual cost of the rental of the Mission's helicopter and reduced requirements for the acquisition of information technology equipment.

13. It will be recalled that in his note of 4 February 2005 (A/59/692), the Secretary-General requested additional appropriation, with assessment, for UNMIK for the financial period from 1 July 2004 to 30 June 2005 in the amount of $33.8 million owing to the additional unforeseen resource requirements for the Mission for the same period, including the change in cost parameters used in the 2004/05 budget and the appreciation of the euro. The Advisory Committee on Administrative and Budgetary Questions, in paragraph 4 of its report (A/59/728) acknowledged, inter alia, that the administration had limited flexibility in influencing expenditures related to staff costs and allowances and indicated that greater effort should have been made to absorb unbudgeted expenditures under the operational costs and by achieving economies. On the basis of the recommendation of the Advisory Committee in paragraph 6 of the report (A/59/728), the General Assembly, in its resolution 59/286 A, appropriated and assessed an additional amount of $30 million for the maintenance of UNMIK for the 2004/05 period.

14. It is further recalled that in the context of its review of the Secretary-General's request for the additional appropriation, with assessment, for the United Nations Peacekeeping Force in Cyprus for the 2004/05 period (A/59/718), the Advisory Committee, in paragraph 8 of its related report (A/59/734), indicated that it was of the opinion that requests for revised appropriations should be made only in exceptional circumstances and, taking into account the relatively minor amount being requested, the Committee recommended that any additional requirement be reported in the performance report.

15. As at 14 April 2008, outstanding contributions to the Special Account for UNMIK amounted to $48.9 million, which represents 23.2 per cent of the appropriation for the period from 1 July 2007 to 30 June 2008, resulting in an operating cash reserve deficit for the period of $10 million (as at 14 April 2008). Against this background, the Secretariat considers the request for additional appropriation, with assessment, exceptional, owing to the fact that: (a) the additional requirements primarily relate to cash resources for payment of mission subsistence allowances to military liaison officers and United Nations police, salaries and related costs for national staff, payment to commercial vendors for goods and services provided to the Mission and the costs associated with the deployment of an additional unit of 125 special police personnel; and (b) while the additional requirements represent 4.7 per cent of the approved budget for UNMIK, the Mission does not have the capacity to absorb them.

16. **The actions to be taken by the General Assembly in connection with the financing of UNMIK are:**

Appropriation and assessment of the amount of $9,799,600 for the maintenance of the Mission for the 12-month period from 1 July 2007 to 30 June 2008, in addition to the amount of $210,676,800 already appropriated for the same period for the maintenance of the Mission under the provisions of resolution 61/285.